

Webinar addresses significant changes to student financial aid

November 2, 2009

PHILADELPHIA, PA - Joined by representatives from dozens of colleges and universities statewide, Congressman Joe Sestak (PA-07) highlighted the benefits and challenges of the transition to direct lending for all government-financed student loans. The Congressman partnered with the Department of Education for a webinar that provided important assistance to schools across the Commonwealth to prepare for all new federal student loans to be originated through the Direct Loan program as of July 1, 2010. The current program includes government subsidies and loan guarantees for private lenders.

“This transformation saves the government money, which will be invested in more Pell grants to send more Americans to college, while making student loans more secure,” said Congressman Sestak. “Every year we delay the implementation means billions of dollars we can’t invest into Pell grants or awards to Community Colleges or college preparation. However, as we have seen with the implementation of the 21st Century GI Bill and the Cash for Clunkers program, good legislation does not have the desired result without the appropriate preparation to ensure a smooth administrative transition. That is why I was pleased to take part in this webinar with the Department of Education to make sure schools are getting the assistance and resources they need to execute effectively.”

Financial aid representatives from about a dozen schools, including LaSalle University, Cheyney University and Widener University, attended the event at Temple University’s Fox School of Business and Management. Dozens more listened by phone and followed the presentations by Congressman Sestak and the Department of Education online. (See list of participating institutions following this release.)

The Congressman noted that unlike the lender-based program, the Direct Loan program is entirely insulated from market swings and can therefore guarantee students access to low-cost federal college loans, in any economy. Representatives from the Department of Education explained the technical aspects of the transition, the provisions for which the Congressman, a member of the Educations and Labor Committee, worked to pass through the House in the Student Aid and Fiscal Responsibility Act of 2009 (HR 3221). According to the Congressional Budget Office, the transition to direct loans contained in this legislation will save \$87 billion – even with its additional resources for programs including Pell Grants and early education for low-income children.

“I am a fervent believer in good government and that’s what this webinar is all about,” said Congressman Sestak. “Pennsylvania schools in particular may need assistance, because of the role third parties have played up to this point in aiding the loan origination, funding, and servicing processes. To make this transition in an efficient way, it will require effective coordination and communication between schools and the US Department of Education and it will require assistance for schools with less exposure to the direct loan program. I look forward to continuing to work with schools and the Department to ensure students and their families receive the aid they deserve.”

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navy’s anti-terrorism unit that established strategic and operations policies for the Global War on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.

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Participating Institutions Included:

Bloomsberg University
Bryn Athyn College
Bucknell University
Cheyney University
Community College of Beaver County
Community College of Philadelphia
Delaware County Community College
Drexel University
Duquesne University
Edinboro University
Franklin and Marshall College
Gwynedd-Mercy College
Holy Family University
Juniata College
Kutztown University of Pennsylvania
LaSalle University
Lebanon Valley College
Lincoln University
Mansfield University
Millersville University of Pennsylvania
Misericordia University
Mount Aloysius College
Neumann College
Newport Business Institute/Oakbridge Academy of Arts
Peirce College
Pennsylvania Academy of the Fine Arts
Pennsylvania College of Optometry, Salus University
Pennsylvania Highlands Community College
Philadelphia College of Osteopathic Medicine
Philadelphia University
Point Park University
Rosemont College
Saint Charles Borromeo Seminary
Saint Joseph's University
Seton Hill College
University of the Arts

University of the Sciences in Philadelphia
Ursinus College
Valley Forge Military College
Villanova University
Washington and Jefferson College
West Chester University of Pennsylvania
Widener University